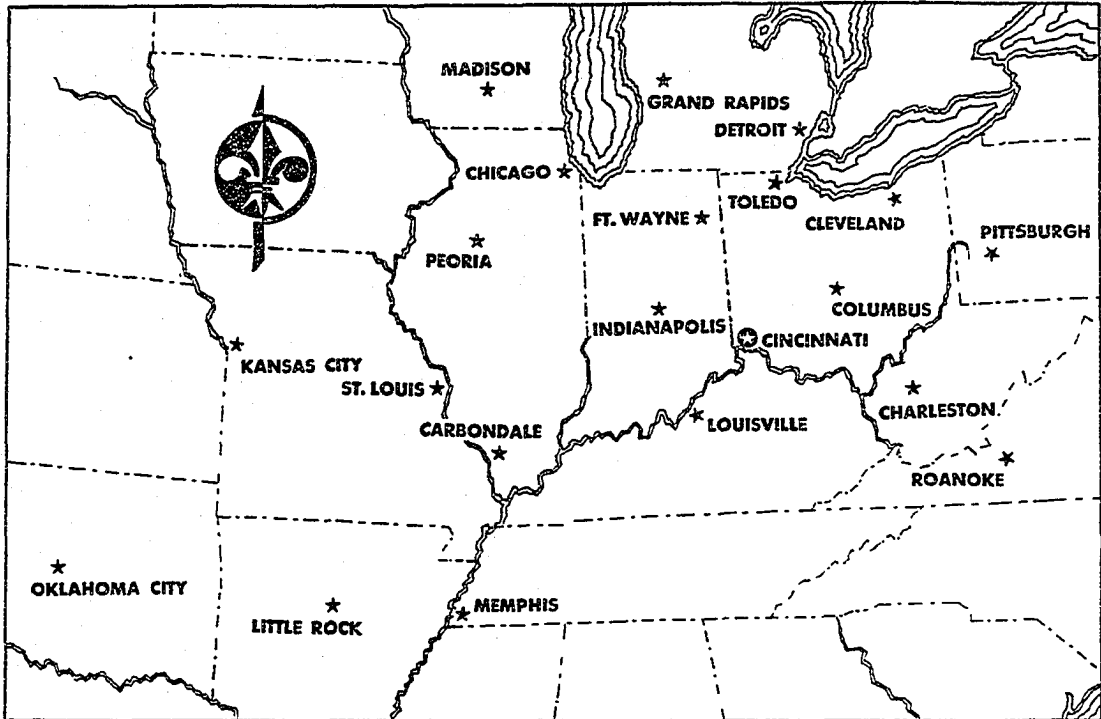


THE KROGER
GROCERY & BAKING COMPANY
CINCINNATI, OHIO

Annual Report
FOR THE FISCAL YEAR 1932

Ending December 31, 1932

BRANCH HEADQUARTERS CITIES



The Kroger Company operates stores in seventeen states throughout the Middle West. The number of stores operated in each state as of December 31, 1932, was as follows: Arkansas, 90; Illinois, 616; Indiana, 385; Kansas, 46; Kentucky, 249; Michigan, 910; Minnesota, 1; Mississippi, 31; Missouri, 533; North Carolina, 5; Ohio, 1,254; Oklahoma, 58; Pennsylvania, 161; Tennessee, 136; Virginia, 61; West Virginia, 92; Wisconsin, 109.

The Company maintains an office, warehouse and transportation unit in each of twenty-one branch headquarters cities. In addition, a number of sub-warehouses are operated for the purpose of better serving Kroger stores in the surrounding communities.

The Company operates bakeries in Chicago, Cincinnati, Cleveland, Columbus, Detroit, Ft. Wayne, Grand Rapids, Indianapolis, Louisville, Madison, Memphis, St. Louis, and Roanoke. Coffee roasting operations are carried on in Chicago, Cincinnati, Detroit, and St. Louis. Dairies are operated in Cincinnati, Dayton, Grand Rapids, Indianapolis, and Toledo. Packing plants are operated at Cincinnati and Columbus.

In addition, the company operates its own sausage plants, beverage plants, printing plants and laundry at strategic points. In a factory in Cincinnati, candy, tea, olives, mustard, spices, vanilla, and various other miscellaneous items are manufactured and packaged for sale in stores under the brand names of the company. A factory manufacturing store fixtures and equipment is operated at Jackson, Tennessee, by a Kroger subsidiary.

The Kroger Grocery & Baking Company

Executive Offices: 35 East Seventh Street

CINCINNATI, OHIO

OFFICERS

ALBERT H. MORRILL, *President and General Manager*

CHARLES M. ROBERTSON,
Vice-President and Treasurer

CLARENCE O. SHERRILL, *Vice-President*

L. J. HUERKAMP, *Secretary*

F. M. GRIEME, *Assistant Treasurer*

T. S. BURNS, *Assistant Secretary*

J. M. MARKLEY, *Assistant Secretary*

J. H. SADLER, *Assistant Secretary*

DIRECTORS

Otto Armleder, Cincinnati, *Capitalist*

R. G. Clark, Cincinnati, *Assistant to the President, The Kroger Grocery and Baking Company*

Walter A. Draper, Cincinnati, *President, The Cincinnati Street Railway Company*

Charles W. Dupuis, Cincinnati, *President, The Central Trust Company*

G. A. Ginter, Cincinnati, *Member firm, Nichols, Morrill, Wood, Marx & Ginter*

John M. Hancock, New York, *Partner, Lehman Brothers*

L. J. Huerkamp, Cincinnati, *Secretary, The Kroger Grocery and Baking Company*

B. H. Kroger, Jr., Cincinnati, *Capitalist*

Albert H. Morrill, Cincinnati, *President, The Kroger Grocery and Baking Company; Piggly Wiggly Corporation*

Charles M. Robertson, Cincinnati, *Vice-President and Treasurer, The Kroger Grocery and Baking Company*

John R. Roney, Chicago, *Vice-President, Consumers Sanitary Coffee and Butter Stores (Chicago Branch of The Kroger Grocery and Baking Company)*

Clarence O. Sherrill, Cincinnati, *Vice-President, The Kroger Grocery and Baking Company*

Paul Sims, New York

PUBLIC AUDITORS

Lybrand, Ross Bros. & Montgomery

GENERAL COUNSEL

Nichols, Morrill, Wood, Marx & Ginter, Cincinnati.

TRANSFER AGENTS

The Provident Savings Bank and Trust Company, Cincinnati
Bankers Trust Company, New York

REGISTRARS

The Central Trust Company, Cincinnati
The Commercial National Bank and Trust Company of New York, New York

February 10, 1933

To the Shareholders of

The Kroger Grocery & Baking Company:

The annual report herewith submitted is for the fiscal year beginning January 3, 1932, and ending December 31, 1932, (thirteen periods—four weeks each).

The past year has been devoted largely to consolidating our position and improving our activities previously initiated, rather than undertaking new ones. Again in 1932, as in 1931, economic distress and unemployment increased and sales of your company declined as compared to the previous year. But sales declines were less, relatively, than the shrinkage in business generally and the increase in unemployment. For the second successive year, your company showed improvement in current ratio, cash and United States Government and Municipal bonds, ratio of cash and United States Government and Municipal bonds to current liabilities, inventories, net working capital, aggregate expenses, percent earned on invested capital, profit before income from subsidiaries and net income per common share (refer to graphs on page 13).

Capital Structure By reference to the Balance Sheet it will be seen there have been no changes in Capital Structure during 1932, except that 2,395 shares of common stock, heretofore held in trust for employees (the deposit against said shares, \$19,107.42, having been returned to the subscribing employees with interest) has been returned to the Treasury.

Personnel No additional general wage adjustments have been made since that effective February 1, 1932, reported in the last annual report.

Voluntary group insurance has been contracted for and made available to all employees during the year and is now in force.

Turnover in personnel, a serious defect in the organization several years ago, showed a marked decrease in 1932.

We do not guarantee any minimum number of weeks of employment to our personnel, but we have actually given to all of our employees fifty-two weeks continuous employment during 1932 and believe we can continue to do so during 1933.

Directors and Officials Mr. Alvin E. Dodd, formerly Vice President and Director, resigned during the year, and Mr. G. A. Ginter, long associated with the company's legal counsel, was elected to the Board. The constant interest of directors not active in the company's operations and their generous assistance in the solution of its problems, has been continued during the past year and has been of great value to the company.

Sales Dollar sales for the fiscal year 1932 (52 weeks) amounted to \$213,159,742.69, and for the fiscal year 1931 (52 weeks) amounted to \$244,371,147.17, a decline in dollar sales of 12.77% as compared to a decline of 15.8% in retail food prices (Bureau of Labor Statistics, U. S. Department of Labor).

During 1932, the average number of stores in operation showed a decline of 3.3%, and the average sales per store showed a decline of 9.9%, as compared to 1931.

Our sales decline from 1931 to 1932 was less than that of any other sizeable chain, with one exception.

Earnings The attached consolidated income account, as of December 31, 1932, shows a profit from operations and other income, excluding income from subsidiary sources and Federal income taxes, of \$2,762,812.83, to which there is added earnings of affiliated companies of \$331,974.03, resulting in net earnings after Federal income taxes for the fiscal year of 1932 of \$2,740,867.44, or \$1.4758 per share on 1,811,091 6/20 shares of common stock, after providing for preferred dividends.

The fiscal year 1931 showed a profit from operations and other income, excluding income from subsidiary sources and Federal income taxes, of \$2,451,540.97, to which was added earnings of affi-

ated companies of \$575,457.39, resulting in net earnings after Federal income taxes for 1931 of \$2,731,128.07, or \$1.463 per share on the 1,813,486 6/20 shares of common stock then outstanding, after preferred dividends.

Expenses Our total operating and administration expenses, including depreciation, during 1931 amounted to \$54,950,027.95, and in 1932 amounted to \$49,152,361.13, or a decrease of \$5,797,666.82, or 10.55%.

Inventories Material reduction in dollar inventories was made, as shown by the graph on page 13. Inquiries are occasionally made regarding the time at which we take our inventory adjustments, made necessary by declining food commodity prices. Our adjustments of merchandise inventories are taken currently each period throughout the year and charged against each period's operations.

Cash Position Comparison of cash position on January 2, 1932, as compared to December 31, 1932, is shown on graph on page 13.

During 1932, your company refunded on employees' stock subscriptions \$19,107.42, redeemed funded debts and preferred stock of subsidiaries amounting to \$205,250.00, representing in the aggregate \$224,357.42 taken out of cash.

Loans On December 31, 1932 your company had no loans.

Surplus It became apparent to the management that the stated value of the company's fixed assets need revision. Facts supporting this view were submitted to the Board of Directors early in 1932, and a Committee of the Board was appointed, consisting of members not active in the business, fully to consider this matter, and to recommend adjustments and write-offs, if any, which should be made in the carrying value of our fixed assets.

During the year this Committee studied and investigated the values of our various fixed assets, with the assistance of the company's Engineering Department, its Real Estate Department, its Auditing Department, and outside appraisers, and discussed the matter at length with the various officers and executives of the company.

This Committee reported to the Board of Directors its findings of facts and conclusions, in which it recommended that there be charged off:

\$3,200,000.00	as a reduction in value of land and buildings
1,568,700.67	as a reduction of leasehold improvements
400,000.00	as a reduction of equipment account for surplus and idle equipment
600,000.00	as a reduction of equipment account for obsolescence of store equipment.
<hr/>	
\$5,768,700.67	Total

The Committee also recommended that such part of these write-offs as could properly be charged against paid in surplus be charged against that account to the extent of the sum now therein, to-wit, \$1,094,961.69, and that the balance be charged against earned surplus. Subsequently our public accountants determined that of this sum \$464,264.61 could properly be charged to paid in surplus.

The Committee recommended against taking action at this time, to create additional capital surplus or paid in surplus by stating the value of its common stock in terms of par value, and charging the write-off entirely against capital surplus or paid in surplus. It considered a write-off against earned surplus at this time as the more conservative course and one that is possible because there will be ample earned surplus for the needs of the company after charging such write-off to earned surplus.

The Committee also recommended that \$400,000.00 be taken out of earned surplus and credited to a "Reserve for Rents on Closed Stores, not yet due, Account," against which will be charged future payments of net rentals on stores closed or in the process of closing prior to January 1, 1933.

The Board approved the report and ordered the adjustments and write-offs and the creation of the reserve as recommended by the Committee. This has been accomplished as of December 31, 1932, and the attached consolidated balance sheet has given effect to these adjustments.

Depreciation During 1932 we applied the same liberal depreciation rates as during 1931.

Merchandising and Operations No material changes have been made in the policies and methods of these activities during 1932, although the organization has been clarified and systematized, and is in a better position to formulate and execute plans than ever before. A Coffee, Tea and Spice Buying Office was established in New York City during 1932 under an executive of long experience with these commodities. It has proven its value.

Comparison of number of stores and number of meat markets in operation on January 2, 1932, as compared to December 31, 1932 is shown on page 12. During 1932 there were 108 stores remodelled and 116 new stores opened, most of the latter being of the large market type. All store remodelling and the leasing and opening of new stores is undertaken only after thorough investigation and careful analysis.

The grocery departments in the stores of Sears, Roebuck & Co. have been materially improved physically, in volume and in profits.

It is to be remembered that the modern trend is towards larger stores, doing a greater volume, and that the number of stores does not represent the actual growth or decline of the business as accurately as it did in previous years.

In 1932 we established three adequate and efficient warehouses in branches where such facilities had been lacking in the past, in Oklahoma City, warehouse built and owned by the company and in Pittsburgh and Kansas City, warehouses in leased buildings.

Active Subsidiaries The income from the Piggly Wiggly Corporation, 99% of the outstanding stock of which is owned by your company, is dependent upon the sales of the companies or individuals operating under its licenses. A decline of your company's receipts from this source has been due largely to a decline in the sales and in part to a decline in the number of stores maintained by operators.

On December 31, 1931, there were in operation under the Piggly Wiggly license, 2,558 stores, and on December 31, 1932, 2,143 stores. During the year 1932 contracts have been signed with fourteen additional operators, requiring the ultimate opening of 189 new stores.

Kroger Food Foundation In the last two Annual Reports, information has been given you regarding the establishment and progress of the Kroger Food Foundation, a unique method of maintaining our quality and promoting good will and sales.

During the last year a substantial change in the policy of this activity has been made, due in part to the necessity of adjusting our expenditures to changed conditions. The practical laboratory facilities of the Foundation have been extended and now all merchandise bought by the company is tested as to quality and quantity before acceptance. Uniformity and excellence of merchandise, manufactured and packed by ourselves and others, is thus assured to a degree not generally found. The Foundation maintains a Housewives' Advisory Service, which is conducted through personal conferences, correspondence and cooking school demonstrations, the latter conducted in the larger towns and cities throughout our territory. The calls on this service, by personal calls at the Foundation's Headquarters, by letters and by attendance at the sessions of the cooking schools, have been in excess of our capacity to handle. Through this method and the formation of Home Makers' Reference Committees, in our territory, we are building a fundamental and lasting good will and confidence with the housewives whom we serve.

Public Relations This important department has been expanded and improved during the last year. The expense of this work in both its maintenance and the company's contributions to community activities is large, but through the years it will make adequate returns.

Taxation and Hostile Legislation With our midsummer dividend check I enclosed a few paragraphs on the huge taxes now collected by governmental agencies, national, county and city, which in the aggregate constitute today one-quarter of the national income.

The burden of taxation which your company was obliged to absorb or had to pass on to the consumer directly and indirectly amounted to a sum approximately five times the dividends we paid to our stockholders.

The avalanche of editorial and personal criticism of governmental expenditures in evidence during recent months has at least made tax spending authorities economy-conscious, but no material reductions have actually been put into effect. It will require continued active pressure by you and every other taxpayer to accomplish any real economies in public expenditures.

Your company is maintaining the number of its employees at substantially the same figure as it did when its dollar business was twenty-five percent better than during last year; it is distributing food of the highest quality at a nominal ratio of net profit to sales; it is greatly benefiting the body politic by cutting the cost of food distribution. Nevertheless half a hundred municipalities and states are endeavoring to collect discriminatory and occasionally confiscatory taxes from your company and other food chains, thus increasing the burden of taxation and ultimately increasing the cost of food to consumers. Unreasonable taxation of motor truck transportation, which does not in any way compete with the business of the railroads, is threatened and has actually been put into effect here, there and elsewhere.

Fair treatment to the chains, fair taxes on its operations and governmental economy generally can only be accomplished by active and continuous expression of public opinion. Your expression of opinion, made wherever possible, will materially assist in protecting your investment and compelling governmental economy.

All of the personnel of the company appreciate the confidence the shareholders place in them when entrusting to them the management of your investment. They will continue to treat the discharge of their duties as the discharge of a trust. They have shown the qualities of real merchants and operators during 1932 and I give to them full credit and appreciation for whatever accomplishments have been obtained. They go into 1933 better organized, more confident, more militant and more harmonious than at any other time since my connection with the company.

Respectfully submitted,

 Albert S. K. Morris
President

The Kroger Grocery & Baking Company

CONSOLIDATED BALANCE SHEETS, DECEMBER 31, 1932 AND JANUARY 2, 1931

ASSETS	December 31, 1932 (1932)	January 2, 1931 (1931)
CURRENT:		
Cash in bank and on hand.....	\$ 9,160,672.26	\$ 5,524,652.19
United States Government securities, at cost; par value of securities held in escrow, \$227,500: (market value 1932 \$2,584,900; 1931 \$2,227,500) ..	2,532,573.85	2,359,687.50
County and municipal bonds, at cost: (market value \$346,900)	<u>342,135.00</u>	<u>—</u>
Notes and accounts receivable, net of allowance for those doubtful of collection:		
Customers, including welfare associations and relief agencies	1,185,363.52	584,567.81
Employees	41,555.02	92,270.81
Claims, advances, etc.....	488,663.36	467,626.65
	<u>1,715,581.90</u>	<u>1,144,465.27</u>
Inventories of merchandise, at the lower of cost or market	14,589,421.25	16,443,597.19
Cash surrender value of life insurance.....	29,229.70	26,273.50
Prepaid insurance, rent, taxes, etc.....	274,224.29	711,754.48
Accrued accounts receivable, not due.....	298,154.33	263,847.10
TOTAL CURRENT ASSETS	<u>28,941,992.58</u>	<u>26,474,277.23</u>
Deferred claims receivable, net of allowance for losses.....	<u>27,210.86</u>	<u>122,689.09</u>
Investments, at ledger values:		
Stock and notes of affiliated company, not included in con- solidation:		
Capital stock, at cost: (includes undistributed accrued earnings in 1931)	6,063,338.63	7,687,274.26
Notes receivable	400,000.00	—
Other stocks, bonds, mortgage notes and accrued interest....	117,306.85	306,514.63
	<u>6,580,645.48</u>	<u>7,993,788.89</u>
Common stock of company held by trustee for sale to em- ployees (24,088 shares in 1932; 15,891 shares in 1931)	202,515.97	267,546.78
*Land, buildings, equipment and leasehold improvements, at ledger value, net of allowance for depreciation (1932 after adjustments set forth in attached surplus account)	16,892,181.74	22,914,685.29
Store and general supplies and deferred charges to future operations	357,564.55	487,155.78
	<u>\$ 53,002,111.18</u>	<u>\$ 58,260,143.06</u>

*The Board of Directors,
The Kroger Grocery & Baking Company,
Cincinnati, Ohio.*

We have examined the accounts of The Kroger Grocery & Baking Company and we certify that, in our opinion, the foregoing balance sheet and the condition of the consolidated companies as at December 31, 1932, and

Company and Subsidiary Companies

DECEMBER 31, 1932 AND JANUARY 2, 1932

LIABILITIES		December 31, 1932 (1932)	January 2, 1932 (1931)
CURRENT:			
Accounts payable, vendors, etc.....		\$ 4,357,238.09	\$ 4,744,918.78
Accrued expenses, taxes, etc.....		1,244,951.80	1,103,115.17
Provision for Federal income taxes....		416,528.17	327,742.10
Dividends payable		2,307.75	1,086.75
Employees' deposits on subscriptions to unissued common stock.....		—	19,107.42
TOTAL CURRENT LIABILITIES		6,021,025.81	6,195,970.22
Funded debt of subsidiary companies.....		465,000.00	543,000.00
Preferred stocks of subsidiary companies		800,400.00	927,650.00
Provision for rentals on closed stores, not yet due		426,259.67	—
		<u>7,712,685.48</u>	<u>7,666,620.22</u>
CAPITAL AND SURPLUS			
Preferred capital stock outstanding:			
First preferred, 6 pct. par \$100.....	\$ 81,400.00		\$ 81,400.00
Second preferred, 7 pct. par \$100.....	62,100.00		62,100.00
		143,500.00	143,500.00
Common capital stock without par value: (Authorized 3,000,000 shares)			
	<i>Shares</i>		<i>Shares</i>
Issued	1,830,878 6/20		1,830,878 6/20
Less, in treasury (17,392 shares subject to purchase option).....	19,787		17,392
Outstanding	1,811,091 6/20	32,919,398.70	1,813,486 6/20
			32,963,276.30
Paid in surplus, as annexed.....		630,697.08	1,094,961.69
Earned surplus appropriated for contin- gent uninsured losses.....		803,646.63	837,679.02
Earned surplus, as annexed.....		10,792,183.29	15,554,105.83
		<u>45,289,425.70</u>	<u>50,593,522.84</u>
		<u>\$ 53,002,111.18</u>	<u>\$ 58,260,143.06</u>

making Company and Subsidiary Companies, as at December 31, 1932, and
and the accompanying surplus and income accounts set forth the financial
1932, and the results of their operations for the fiscal period then ended.

LYBRAND, ROSS BROS. & MONTGOMERY
Accountants and Auditors
February 6, 1933

The Kroger Grocery & Baking Company and Subsidiary Companies

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

for fiscal period ended December 31, 1932

Balance, January 2, 1932.....	\$ 1,094,961.69
For reduction in values of certain land and buildings acquired from other companies in prior years to more nearly reflect their present values. These properties were in part excess facilities or were inadequate for company purposes	464,264.61
Balance, December 31, 1932.....	<u>\$ 630,697.08</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

for the period from January 4, 1931 to December 31, 1932

Balance, January 4, 1931.....	\$ 15,086,186.84
Deduct, Sundry debits applicable to prior periods.....	71,740.95
Adjusted surplus, January 4, 1931.....	15,014,445.89
Net income for the fiscal period ended January 2, 1932.....	2,731,128.07
	17,745,573.96
Deduct:	
Allowance for probable decline in value of investments of subsidiary companies	\$ 300,000.00
Cash dividends paid in the fiscal period ended January 2, 1932.....	1,891,468.13
	2,191,468.13
Surplus, January 2, 1932.....	15,554,105.83
Add:	
Sundry adjustments applicable to prior periods, net.....	79,084.43
Restoration to surplus of provision made January 2, 1932 for probable decline in value of investments of subsidiary companies (actual loss deducted below).....	300,000.00
	379,084.43
Net income for the fiscal period ended December 31, 1932.....	2,740,867.44
	18,674,057.70
Deduct:	
Cash dividends paid in the fiscal period ended December 31, 1932.....	1,879,693.11
Provision for rents of closed stores (not yet due).....	400,000.00
Adjustment of certain property values to more nearly reflect their present value:	
Reduction of ledger value of land and buildings.....	\$2,735,735.39
Leasehold improvements to December 31, 1932, written off	1,568,700.67
Special reserve for surplus and idle equipment.....	400,000.00
Special reserve for obsolescence of store equipment.....	600,000.00
	5,304,436.06
Loss on sale of investments of subsidiary companies.....	297,745.24
	7,881,874.41
Earned surplus, December 31, 1932.....	<u>\$ 10,792,183.29</u>

**The Kroger Grocery & Baking Company
and Subsidiary Companies**

CONSOLIDATED INCOME ACCOUNT

*For the periods from January 3, 1932 to December 31, 1932 and
from January 4, 1931 to January 2, 1932*

	Fiscal period ended December 31, 1932	Fiscal period ended January 2, 1932
Net sales	\$ 213,159,742.69	\$ 244,371,147.17 ✓
Cost of sales.....	161,395,561.69	187,021,394.47 ✓
	<u>51,764,181.00</u>	<u>57,349,752.70 ✓</u>
Operating expenses, excluding depreciation.....	44,307,918.53	49,737,478.03
Administration expenses	1,660,477.65	2,064,342.26 ✓
	<u>45,968,396.18</u>	<u>51,801,820.29</u>
Profit from operations before allowance for depreciation	5,795,784.82	5,547,932.41
Allowance for depreciation.....	3,183,964.95	3,148,207.66 ✓
	<u>2,611,819.87</u>	<u>2,399,724.75</u>
Interest earned, net of interest paid.....	150,992.96	51,816.22 ✓
Profit from operations and other income, excluding income from subsidiary sources, and Federal income taxes	2,762,812.83	2,451,540.97
Net accrued earnings of subsidiary companies for fiscal years (1932 includes dividends received \$299,778.03)	331,974.03	575,457.39
	<u>3,094,786.86</u>	<u>3,026,998.36</u>
Federal income taxes, estimated.....	353,919.42	295,870.29 ✓
Net income	<u>\$ 2,740,867.44</u>	<u>\$ 2,731,128.07</u>

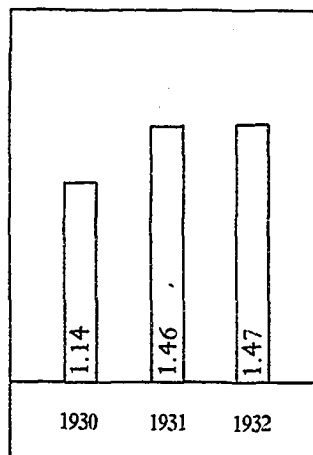
The Kroger Grocery & Baking Company and Subsidiary Companies

A Comparison by Years of Significant Statistics Reflecting Changes in Company Operations

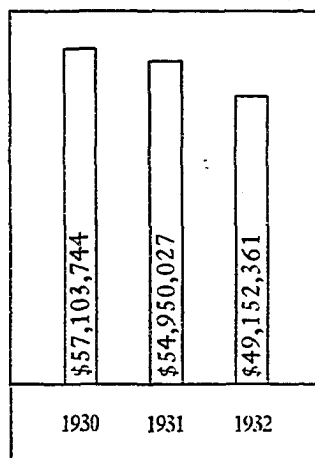
	1930	1931	1932
Final Net Profit Per Common Share.....	\$1.14	\$1.46	\$1.47
Cash Dividend Paid Per Common Share....	\$1.00	\$1.00	\$1.00
Number of Shares of Common Stock Out- standing at End of Year.....	1,813,486 6/20	1,813,486 6/20	1,811,091 6/20
Number of Shareholders at End of Year....	16,945	18,856	20,680
Average Sales Per Store Per Week.....	\$954	\$941	\$848
Index of Average Dollar Sales Per Store Per Week (Base 1929=100).....	95.1	93.8	84.5
Index of Dollar Sales (Base 1929=100)..	93.2	85.3	74.4
Index of Retail Food Prices Compiled by U. S. Bureau of Labor Statistics (Base 1929=100)	93.9	77.4	65.2
Indicated Tonnage Sales (Base 1929=100)	99.3	110.2	114.1
Indicated Tonnage Sales Per Store (Base 1929=100)	101.3	121.2	129.6
Indicated Commodity Price Decline from Previous Year, in Dollar Sales Per Store Per Week.....	\$62	\$200	\$159
Number of Grocery Stores in Operation at End of Year.....	5,165	4,884	4,737
Number of Meat Markets in Operation at End of Year.....	2,990	2,869	2,845
Average Number of Grocery Stores Oper- ated During Year.....	5,302	4,980	4,816
Average Number of Meat Markets Oper- ated During Year	3,033	2,889	2,887
Number of Licensed Piggly Wiggly Stores in Operation at End of Year.....	2,767	2,558	2,143

The Kroger Grocery & Baking Company and Subsidiary Companies

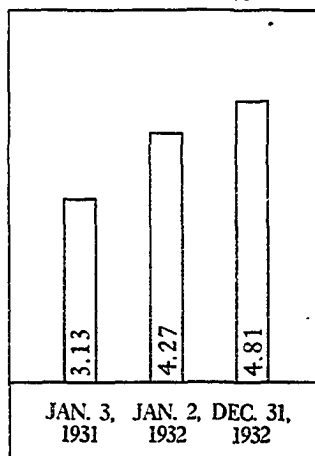
EARNINGS PER SHARE
ON COMMON STOCK



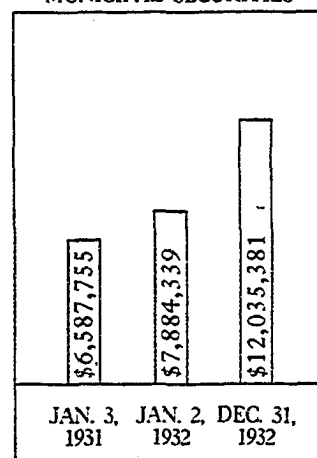
TOTAL OF
EXPENSES & DEPRECIATION



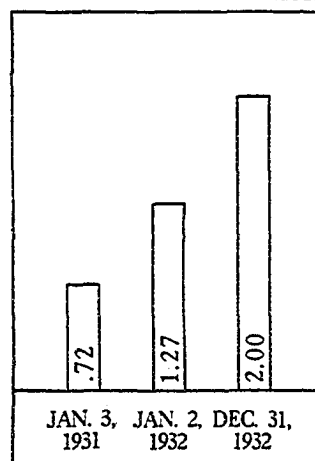
CURRENT RATIO



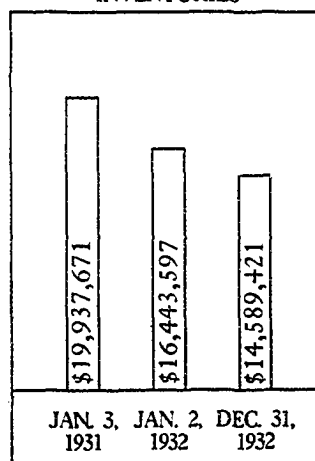
CASH, U. S. GOV'T &
MUNICIPAL SECURITIES



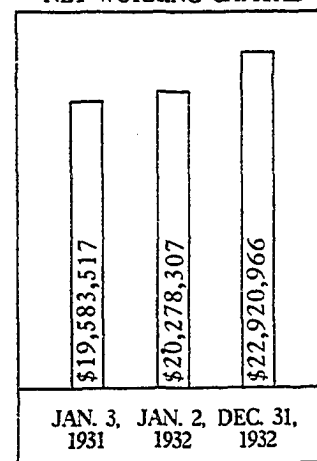
RATIO OF CASH, U. S. GOV'T &
MUNICIPAL SECURITIES TO
TOTAL CURRENT LIABILITIES



INVENTORIES



NET WORKING CAPITAL



The Kroger Grocery & Baking Company

13 - PERIOD CALENDAR

For the Fiscal Year 1933

	S	M	T	W	T	F	S			S	M	T	W	T	F	S		
JAN.	1	2	3	4	5	6	7	1ST		JULY						1	7TH	
	8	9	10	11	12	13	14	PERIOD			2	3	4	5	6	7	8	PERIOD
	15	16	17	18	19	20	21				9	10	11	12	13	14	15	Cont'd.
	22	23	24	25	26	27	28				16	17	18	19	20	21	22	8TH
	29	30	31					2ND			23	24	25	26	27	28	29	PERIOD
FEB.				1	2	3	4			AUG.	30	31		1	2	3	4	
	5	6	7	8	9	10	11				6	7	8	9	10	11	12	
	12	13	14	15	16	17	18				13	14	15	16	17	18	19	9TH
	19	20	21	22	23	24	25				20	21	22	23	24	25	26	PERIOD
	26	27	28					3RD			27	28	29	30	31			
MAR.				1	2	3	4			SEPT.	3	4	5	6	7	8	9	
	5	6	7	8	9	10	11				10	11	12	13	14	15	16	10TH
	12	13	14	15	16	17	18				17	18	19	20	21	22	23	PERIOD
	19	20	21	22	23	24	25				24	25	26	27	28	29	30	
	26	27	28	29	30	31		4TH		OCT.	1	2	3	4	5	6	7	
APR.					1						8	9	10	11	12	13	14	11TH
	2	3	4	5	6	7	8				15	16	17	18	19	20	21	PERIOD
	9	10	11	12	13	14	15				22	23	24	25	26	27	28	
	16	17	18	19	20	21	22				29	30	31					
	23	24	25	26	27	28	29	5TH		NOV.				1	2	3	4	
	30							PERIOD			5	6	7	8	9	10	11	12TH
MAY		1	2	3	4	5	6				12	13	14	15	16	17	18	PERIOD
	7	8	9	10	11	12	13				19	20	21	22	23	24	25	
	14	15	16	17	18	19	20				26	27	28	29	30			
	21	22	23	24	25	26	27	6TH		DEC.					1	2		13TH
	28	29	30	31				PERIOD			3	4	5	6	7	8	9	
JUNE				1	2	3					10	11	12	13	14	15	16	
	4	5	6	7	8	9	10				17	18	19	20	21	22	23	
	11	12	13	14	15	16	17				24	25	26	27	28	29	30	
	18	19	20	21	22	23	24	7TH			31							
	25	26	27	28	29	30		PERIOD										

The Company has now operated for two years on the new 13-Period Calendar. The use of this calendar for company reports and records has proven highly satisfactory. Each period, consisting of twenty-eight days, and containing the same number of Saturdays and Sundays, makes possible accurate comparisons of sales, expenses and profits from period to period, as well as with the corresponding periods of previous years. It simplifies accounting procedures by providing for equal distribution of fixed charges, such as taxes and depreciation.